

Message Text

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12

ORIGIN EB-11

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DRAFTED BY EB/ AN: MHSTYLES: DAP

5/4/73 EXT. 21232

APPROVED BY EB/ AN: MHSTYLES

CAB - MR. BUTLER

EA/ PHL - MR. WALSH

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R 042132 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 085115

E. O. 11652: GDS

TAGS: ETRN RP

SUBJECT: CIVAIR - US- PHILIPPINE AIR TRANSPORT POSTURE

REF: MANILA 4737

1. FOR WHATEVER REASONS, EARLIER ATTEMPT OF BOTH US AND PHILIPPINES TO TRY RETURN NEGOTIATING TABLE ON BASIS COMPROMISES ON MAIN ISSUES HAS BECOME DERAILED. GIVEN FACT AMBASSADOR ROMUALDEZ IS ADOPTING INCREASINGLY PRO- PAL POSITIONS (AS WELL AS RUMORS HE MAY BE IN LINE FOR A PAL JOB), DEPARTMENT DOES NOT WISH PURSUE MATTER WITH HIM. IN ANY EVENT, HE HAS NOT APPROACHED DEPARTMENT OR CAB, AS IT WAS REPORTED HE MIGHT. HOWEVER, WE UNDERSTAND ROMUALDEZ IS OR SOON WILL BE IN MANILA ON CONSULTATIONS AND THIS MAY PRESENT APPROPRIATE OPPORTUNITY FOR EMBASSY TO ATTEMPT FOCUS PALACE ATTENTION ON MATTER, SINCE WE HAVE BEEN AWAITING RESPONSE SEVERAL MONTHS, AND HAVE BEEN INFORMED DECISION IN PRESIDENT' S HANDS.

2. GOP " POSITION" REFLECTED BY MELCHOR TO DCM IN REFTTEL IS OF COURSE UNACCEPTABLE TO USG. QUITE ASIDE FROM THE NEW ROUTE AUTHORITY FOR PAL WHICH IS INVOLVED IN THE " POSI-
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TION", USG COULD NOT ACCEPT A DEAL WHICH INVOLVED INCREASED FREQUENCIES AND CAPACITY FOR ONLY PANAM. WHAT MELCHOR IS REALLY SUGGESTING, HOWEVER, INVOLVES MOST OF THE MAIN ELEMENTS OF THE NEGOTIATIONS FOR A BILATERAL AGREEMENT, I. E. GUAM AND TOKYO ON PHILIPPINE ROUTES AND ASSURED CAPA-

CNG BEFORE THE REVISION OF MONETARY

EXCHANGE RATES IN 1971 (U. S. DOLS 1 EQUALS ETH DOLS 2.48), WHICH LEVELS WERE GOVERNED BY THE AMOUNTS SECIFIED IN THE SEVENTH SUPPLEMENTAL LEASE DATED 31 DECEMBER 1968; PROVIDED HOWEVER, THAT SUCH U. S. DOLLAR OBLIGATIONS SHALL NOT BE ADJUSTED BELOW THE AMOUNTS SPECIFIED IN SAID SEVENTH SUPPLEMENTAL LEASE. UNQUOTE

2. CHANGES PARA. 1 A AND B ABOVE DESIGNED TO EXPRESS MORE CLEARLY THE APPLICATION TO VILLAGE AND PRIVATELY OWNED LANDS ONLY OF THE USG EXCHANGE RATE - RELATED RENTAL FORMULA. PARA 1 C ABOVE BETTER EXPRESSES INTENT TO KEEP ETH DOLLAR PAYMENTS RATHER THAN U. S. DOLLAR PAYMENTS FIXED.

3. PARA 5 OF REFTEL INDICATES THAT RENTAL FIGURES WILL BE BASED ON CURRENT EXCHANGE RATE. WE ASSUME THIS MEANS THAT A RECALCULATION OF RENTALS HAS BEEN MADE SINCE FEB., 1973 U. S. DEVALUATION AND THAT SUCH RECALCULATION APPLIED ONLY TO VILLAGE AND PRIVATELY OWNED LANDS, PER PARA 4 OF EIGHTH SUPP. LEASE.

4. CONCUR IN CONGEN APPROACH TO SAICE QUESTION AS DESCRIBED PARA 7 REFTEL SHOULD PROBLEM ARISE AGAIN.
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DECONTROL UPON RECEIPT. RUSH

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*** Current Handling Restrictions *** n/a

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